by the acts of its officers. And, if a contract has been partly performed, an action for breach thereof may be maintained against the city, notwithstanding the consideration promised was beyond the powers of the city to give.[13] For the same reasons a city cannot escape liability for revenue taxes where it engages in the business of distilling and increases its assets with profits from the *ultra vires* transaction.[14]

Accordingly it seems clear that, within certain limits, a municipal corporation, like a private corporation,[15] may have agents for *ultra vires* purposes whose acts may be the foundation of legal rights and liabilities. Hence, the strict doctrine of *ultra vires*, applied to these bodies, must rest on motives of policy,[16] rather than on the lack of any legal principle to identify the corporation with the acts of its agents. That this policy rests on sound considerations, in its general application, seems equally clear. In contracts, the burden should be on the outsider to ascertain the corporate powers,[17] and in other cases the taxpayers should not bear the burdens of the unauthorized acts of their officers.[18] When, however, the *ultra vires* transaction is productive of some benefit, pecuniary or otherwise, which the corporation accepts, and at the same time causes an injury to some innocent individual, the policy of the law might well be altered. The same considerations are applicable by which public corporations are denied the immunity of governmental agencies when an *intra vires* act is of peculiar benefit to the inhabitants; [19] and, moreover, considerations of justice to the injured party might well justify in some cases the imposition of liability upon municipal corporations for torts of their agents committed in *ultra vires* undertakings.

RES JUDICATA IN PATENT CASES. — As the circuit courts are not bound by each other's precedents,[1] it sometimes happens that the same patent is held invalid or not infringed by a certain device[2] in one circuit, and

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purchase gas, no question of *ultra vires* is raised in a suit to recover the value of gas supplied, though the contract under which it was furnished was *ultra vires*. City of East St. Louis *v.* East St. Louis Gas, Light, and Coke Co., 98 Ill. 415.

[13] Hitchcock *v.* Galveston, 96 U. S. 341. It is difficult to understand the reasoning of the court, that it is enforcing the contract only in so far as it is *intra vires*. If an outsider has received benefits under an *ultra vires* contract, the city may have an action for breach thereof. Town of Monticello *v.* Cohn & Kuhn, 48 Ark. 254, 3 S. W. 30.

[14] Salt Lake City *v.* Hollister, 118 U. S. 256, 6 Sup. Ct. 1055. Whatever bearing this case may have on *ultra vires* torts, it clearly stands for the proposition that the corporation, as such, was subject to a tax.

[15] See Bissell *v.* Michigan Southern and Northern Indiana R. Cos., *supra*, 284.

[16] See 4 DILLON, MUNICIPAL CORPORATIONS, 5 ed., § 1654, note 3.

[17] State *ex rel.* City of St. Paul *v.* Minnesota Transfer Ry. Co., 80 Minn. 108, 83 N. W. 32; Hope *v.* City of Alton, 214 Ill. 102, 73 N. E. 406.

[18] Mayor, etc. of Albany *v.* Cunliff, 2 N. Y. 165; Wheeler *v.* Essex Public Road Board, *supra*. See Bradley *v.* Ballard, 55 Ill. 413, 420.

[19] Hourigan *v.* City of Norwich, 77 Conn. 358, 59 Atl. 487; Hodgins *v.* Bay City, 156 Mich. 687, 121 N. W. 274.

[1] Mast, Foos & Co. *v.* Stover Mfg. Co., 177 U. S. 485, 20 Sup. Ct. 708.

[2] It is immaterial as to the questions discussed in this note upon which ground the decree for the defendant is placed. See Rubber Tire Wheel Co. *v.* Goodyear Tire & Rubber Co., 183 Fed. 978, 983.

valid and infringed by an identically similar device in another circuit.[3] If the first decision is not appealed from, and the second is affirmed on *certiorari* to the Supreme Court,[4] so that it becomes the law in all the circuits[5] that the patent is valid and covers the device in question, just what is the effect of the first judgment?

The Supreme Court has held that a judgment in favor of an alleged infringer gives him the right to enjoin the patentee from suing his customers for infringement.[6] The case is but an application of the well-established doctrine of *res judicata* that a judgment estops the defeated party from denying, in any suit between the parties or their privies, any fact established by the judgment.[7] The defendant, being estopped, as against this complainant, from setting up his patent right, cannot justify his interference with the complainant's business, and is therefore rightly enjoined. The court expressly left open the question whether a purchaser of an infringing article from the infringer who had the decree in his favor could use this decree as a defense if sued by the patentee.[8] A circuit court has answered the question in the negative. *Hurd* v. *Seim*, 189 Fed. 591 (Circ. Ct., N. D. N. Y.); *Hurd* v. *Woodward Co.*, 190 Fed. 28 (Circ. Ct., N. D. N. Y.).[9] The case is now pending before the Supreme Court.[10]

In considering the question, it is important to notice that the title to an article, and the right to use the article without interference from a patentee are distinct and separate rights.[11] Anyone using a patented article, even if he owns it, is an infringer unless he can show that he has the permission of the patentee.[12] But an unrestricted sale by the patentee or one licensed by him to sell gives the purchaser and subsequent purchasers the patentee's permission to use the article by necessary implication.[13] It is because the sale is authorized by the patentee that such permission is implied.[14] A sale of an infringing article by an infringer who has a judgment in his favor cannot be said to be

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[3] See 18 HARV. L. REV. 217.

[4] This has happened in the case of the Grant patent for a rubber-tired wheel.

[5] A Supreme Court decision is, of course, a precedent binding on a circuit court in spite of prior decisions of its own the other way. There is, therefore, no basis for the suggestion in Hurd *v.* Seim that the patent is still invalid in the Sixth and Seventh Circuits. See Hurd *v.* Seim, 189 Fed. 591, 595, 597.

[6] Kessler *v.* Eldred, 206 U. S. 285, 27 Sup. Ct. 611.

[7] See 2 BLACK, JUDGMENTS, 2 ed., § 504.

[8] See Kessler *v.* Eldred, 206 U. S. 285, 288, 27 Sup. Ct. 611, 613; Diamond Rubber Co. *v.* Consolidated Rubber Tire Co., 220 U. S. 428, 445, 31 Sup. Ct. 444, 452.

[9] This was the rule before Kessler *v.* Eldred was decided. Eldred *v.* Breitwieser, 132 Fed. 251.

[10] See Hurd *v.* Seim, 191 Fed. 832. The case was certified on December 7, 1911.

[11] See Henry *v.* A. B. Dick Co., U. S. Sup. Ct., March 11, 1912.

[12] In most of the infringement cases that arise, the defendant has title to the infringing device, having made it himself.

[13] Bloomer *v.* McQuewan, 14 How. (U. S.) 539, 549; Adams *v.* Burke, 17 Wall. (U. S.) 453; Hobbie *v.* Jennison, 149 U. S. 355, 13 Sup. Ct. 879; Keeler *v.* Standard Folding Bed Co., 157 U. S. 659, 15 Sup. Ct. 738.

[14] Even if the cases just cited are to be explained on the ground that the patent statute was not intended to permit the patentee to retain any right in the use of an article which he had sold, and not on the ground of implied permission, it is still clear on the authorities that the article "passes out of the monopoly" only by a sale authorized by the patentee, so that he has had a chance to profit by it. See especially Keeler *v.* Standard Folding Bed Co., 157 U. S. 659, 665, 15 Sup. Ct. 738, 740.

authorized by the patentee.[15] It is true that the patentee could not prevent the sale, because he is estopped as against the seller from setting up his patent right, but there is no principle of patent law that a purchaser from one who cannot be prevented by the patentee from selling gets implied permission from the patentee to use the article bought.[16] Therefore the judgment in favor of the seller cannot protect the buyer on principles of patent law.

It can serve as a defense for him on principles of *res judicata* only if he is in privity with the seller as to this judgment.[17] It seems clear, however, that he is not. For privity of estate as to a given judgment consists in succession to the right which has been established or limited by the judgment,[18] and the right adjudicated in a suit for the infringement of a patent arises from the patent. An assignee of the patent would, therefore, clearly be in privity with the patentee as to a judgment in such a suit. But not so the assignee of the infringing article, for the right adjudicated is not an incident to the title to the article. The article is concerned merely in that its use was an alleged interference with the patent right;[19] and an assignee of the thing whose use is alleged to infringe the right adjudicated is not in privity with his assignor as to the adjudication.[20]

JURISDICTION OVER ABSENTEE, BASED UPON PRESENCE OF HIS DEBTOR. — One claimant of a debt, in suing the debtor, made the other claimant, who was in another state, a party. The absentee's claim was adjudged invalid. This was held to bar his subsequent action against the debtor.[1] *Steltzer* v. *Chicago, M. & St. P. Ry. Co.*, 134 N. W. 573 (Ia.). The desirability of such jurisdiction depends upon its fairness to the

[15] Kessler *v.* Eldred, *supra*, is sometimes thought to hold that the judgment is tantamount to an authorization to sell. See Hurd *v.* Seim, 191 Fed. 832, 835. But as we have seen, this case is within the ordinary doctrine of *res judicata*, and the court evidently does not mean to go further than to summarize the effect of this doctrine in saying that the judgment gives the alleged infringer a "right" to sell; for by expressly refusing to decide the rights of the purchaser, they show they did not consider this "right" equivalent to a license to sell.

[16] If there were such a doctrine a sale in a foreign country, and so not tortious as to the patentee, would give the purchaser a right to use the article in the United States. Such, however, is not the law. Boesch *v.* Gräff, 133 U. S. 697, 10 Sup. Ct. 378; Daimler Mfg. Co. *v.* Conklin, 170 Fed. 70.

[17] Litchfield *v.* Goodnow's Admr., 123 U. S. 549, 8 Sup. Ct. 210.

[18] Hart *v.* Bates, 17 S. C. 35, 41.

[19] This case should be distinguished from a case where the defendant sets up a right of his own, which is adjudicated, so that the adjudication binds those to whom he assigns his right. This is often the case in ejectment. *Cf.* Whitford *v.* Crooks, 54 Mich. 261, 20 N. W. 45.

[20] There is an unreasoned case in the Ninth Circuit, *contra*. Norton *v.* San Jose Fruit-Packing Co., 79 Fed. 793. But the absurdity of finding privity in such a case may be shown by a simple example. A. purports to have title to a piece of land. B.'s cow walks across the land. A. sues B. for trespass and loses, failing to prove the validity of his title. B. sells his cow to C., and the cow again crosses the land. Surely no one would contend that A. is barred by the judgment in his suit against B., from suing C. for trespass.

[1] *Contra*, Ward *v.* Boyce, 152 N. Y. 191, 46 N. E. 180. Yet this same state early recognized jurisdiction based on garnishment of the absent defendant's creditors. Embree *v.* Hanna, 5 Johns. (N. Y.) 101.